

Calendar No. 561

103D CONGRESS  
2D SESSION

**S. 2060**

[Report No. 103-332]

**A BILL**

To amend the Small Business Act.

AUGUST 11, 1994

Reported with an amendment and an amendment to the  
title

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## IN THE SENATE OF THE UNITED STATES

MAY 3 (legislative day, MAY 2), 1994

Mr. BUMPERS (for himself, Mr. PRESSLER, Mr. NUNN, Mr. LEVIN, Mr. HARKIN, Mr. KERRY, Mr. LIEBERMAN, Mr. WELLSTONE, Mr. HEFLIN, Ms. MOSELEY-BRAUN, and Mr. CHAFEE) (by request) introduced the following bill; which was read twice and referred to the Committee on Small Business

AUGUST 11, 1994

Reported by Mr. BUMPERS, with an amendment and an amendment to the title

[Strike out all after the enacting clause and insert the part printed in italic]

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## A BILL

To amend the Small Business Act.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the “Small Business Admin-  
4       istration Amendments of 1994”.

## TITLE I

1  
2       SEC. 101. Section 7(m)(1)(B) of the Small Business  
3 Act is amended by adding the words “, a lender or alliance  
4 of lenders” after the word “Administration”, and by add-  
5 ing after the word “intermediaries” in clause (i) thereof  
6 the following phrase “provided however, that the Adminis-  
7 tration may make in its sole discretion up to 100 percent  
8 deferred participation loans to ten intermediaries which  
9 will be located in urban areas and ten intermediaries  
10 which will be located in rural areas,”.

11       SEC. 102. Section 7(m)(7) of the Small Business Act  
12 is amended by deleting the number “50” from subpara-  
13 graph (B) thereof, and replacing it with the number  
14 “140”, and by deleting the period at the end thereof and  
15 adding the phrase “: *Provided*, That no more than 200  
16 total microloan programs may be funded.”, and by delet-  
17 ing subparagraph (C) thereof and inserting in lieu thereof:

18               “(C) In no case shall a State receive more  
19               than \$5 million to fund all microloan programs  
20               conducted in that State.”

21       SEC. 103. Section 7(m)(3)(C) of the Small Business  
22 Act is amended by replacing the number “\$1,250,000”  
23 with the number “\$1,750,000”.

24       SEC. 104. Section 7(m)(3)(F) of the Small Business  
25 Act is amended by adding after the phrase “10 years”

1 in clause (i) the following: “with the first five years of  
 2 any deferred participation loan being a revolving line of  
 3 credit on which only monthly payments of interest will be  
 4 required and the balance amortized over the second five  
 5 year period, with equal monthly payments of principal and  
 6 interest”; and by revising clause (ii) to read as follows:

7 “(ii) APPLICABLE INTEREST RATES.—

8 Exception as provided in clause (iii), loans  
 9 made by the Administration under this  
 10 subsection to an intermediary shall bear an  
 11 interest rate equal to the rate of interest  
 12 on comparable five year obligations of the  
 13 United States Treasury.”

14 TITLE II

15 SEC. 201. Section 7(a)(2)(B)(iv) of the Small Busi-  
 16 ness Act is amended to read as follows:

17 “(iv) not more than 90 percent of the  
 18 financing outstanding at the time of dis-  
 19bursement if such financing is an extension  
 20 or a revolving line of credit made under  
 21 paragraph (14) and not less than 90 per-  
 22 cent of the financing outstanding at the  
 23 time of disbursement if such financing is a  
 24 loan under paragraph (16).”

1        SEC. 202. Section 7(a)(14) of the Small Business Act  
2 is amended to read as follows:

3            ~~“(14)(A). The Administration under this sub-~~  
4            ~~section may provide extensions, specifically including~~  
5            ~~guarantees of standby letters of credit and revolving~~  
6            ~~lines of credit for export purposes, and financings to~~  
7            ~~enable small business concerns, including small busi-~~  
8            ~~ness export trading companies and small business~~  
9            ~~export management companies, to develop foreign~~  
10          ~~markets. A bank or participating lending institution~~  
11          ~~may establish such rate of interest on extensions, re-~~  
12          ~~volving lines of credit and financings made under~~  
13          ~~this paragraph as may be legal and reasonable.”.~~

14        SEC. 203. Section 7(a)(3)(B) of the Small Business  
15 Act is amended to read as follows: “If the total amount  
16 outstanding and committed (on a deferred basis) solely for  
17 the purposes provided in paragraph (16) to the borrower  
18 from the Business Guaranteed Loan Financing Account  
19 established by this Act would exceed \$1,000,000 such  
20 amount to be in addition to any financing solely for work-  
21 ing capital, supplies, or revolving lines of credit for export  
22 purposes up to a maximum of \$750,000: *Provided, how-*  
23 *ever,* That in no event may be aggregate amount outstand-  
24 ing and committed by the Administration under this sub-  
25 section exceed \$1,250,000.”.

## 1 TITLE III

2 SEC. 301. Sections 8(b) (2), (3) and (4) of the Small  
3 Business Act are amended by inserting the words “and  
4 other” after the word “small” wherever it appears.

## 5 TITLE IV

6 SEC. 401. Section 28[2](g) of the Small Business Act  
7 is deleted and in its place the following is substituted:

8 “(g) There is established within the Administration  
9 an Office of Women’s Business Ownership which shall be  
10 responsible for the administration under the supervision  
11 by the Administration of all authority conferred by this  
12 section. Such Office shall be headed by a director who  
13 shall be appointed by the Administrator.”

## 14 TITLE V

15 SEC. 501. Section 8(b)(1)(A) of the Small Business  
16 Act is amended by adding at the end thereof the following  
17 sentence: “Notwithstanding any other provision of law, the  
18 authority provided by this subparagraph shall remain  
19 available until expressly repealed.”

20 SEC. 502. Section 411(a)(3) of the Small Business  
21 Investment Act of 1958 is amended by adding the follow-  
22 ing sentence at the end thereof: “Notwithstanding any  
23 other provision of law, the authority granted by this para-  
24 graph shall remain available until expressly repealed.”

1       SEC. 503. Section 5(b)(8) of the Small Business Act  
2 is amended by deleting the words “not in excess of six  
3 months”.

4       SEC. 504. The second sentence of Section 732 of  
5 Public Law 100-656 is repealed.

6       SEC. 505. Section 4(c) of the Small Business Act is  
7 amended to read as follows:

8       “(c)(1) There is hereby established in the Treasury  
9 one Loan Liquidation Fund. All repayment of loans and  
10 debentures, payments of interest, and other receipts arising  
11 out of transactions entered into by the Administration  
12 pursuant to Sections 5(e), 5(g), 7(a), 7(b), 7(c)(2), 7(e),  
13 7(h), 7(l), 7(m), and 8(a) of this Act, and titles III, IV,  
14 and V of the Small Business Investment Act of 1958,  
15 prior to October 1, 1991, shall be paid into such Loan  
16 Fund Liquidating Account. Balances existing in those revolving  
17 funds, as in effect immediately prior to the effective  
18 date of this paragraph, shall be transferred into such  
19 Loan Liquidation Fund. This Loan Liquidation Fund  
20 shall have available, without fiscal year limitation, such  
21 funds as are necessary to finance its operational needs.

22       “(2) The Administration shall submit to the Committees  
23 on Small Business and Appropriations of the Senate  
24 and the House of Representatives, as soon as possible  
25 after the beginning of each fiscal year, a full and complete

1 report on the status of the Loan Liquidation Fund estab-  
2 lished pursuant to paragraph (1).”.

3 ~~SEC. 506.~~ Section 4(c)(5)(B)(ii) of the Small Busi-  
4 ness Act is amended to read as follows:

5 “(ii) The Administration shall pay  
6 into the miscellaneous receipts of the  
7 Treasury following the close of each fiscal  
8 year, the actual interest it collects during  
9 that fiscal year on all financings made  
10 under the authority of this Act.”.

11 ~~SEC. 507.~~ Section 3(a)(2) of the Small Business Act  
12 is amended to read as follows:

13 “(2) In addition to the criteria specified in  
14 paragraph (1), the Administrator may specify de-  
15 tailed definitions or standards for example, by num-  
16 ber of employees or dollar volume of business, by  
17 which a business concern is to be recognized as a  
18 small business concern for the purposes of this Act  
19 or any other Act. Unless specifically authorized by  
20 statute, the Secretary of a department or the head  
21 of a Federal agency, other than the Administrator of  
22 the Small Business Administration, may not pre-  
23 scribe for the use of such department or agency a  
24 size standard for categorizing a business concern as



1 a small business concern, unless such proposed size  
2 standard—

3 “(A) is being proposed after an oppor-  
4 tunity for public notice and comment;

5 “(B) provides for determining, over a pe-  
6 riod of not less than 3 years—

7 “(i) the size of a manufacturing con-  
8 cern as measured by its average employ-  
9 ment based upon employment during each  
10 of the concern’s pay periods for the preced-  
11 ing completed twelve calendar months; or

12 “(ii) the size of a concern providing  
13 services on basis of the annual average  
14 gross receipts of the concern over a period  
15 of not less than three years; and

16 “(C) is approved by the Administrator.

17 “(3) When establishing or approving any size  
18 standard pursuant to paragraph (2), the Adminis-  
19 trator shall consider variations in economic activity  
20 from industry to industry unless the Administrator  
21 determines that size standards should not vary in  
22 order to meet program needs.”.

23 SEC. 508. Section 5(b) of the Small Business Act is  
24 amended by deleting the word “and” at the end of para-  
25 graph (10) thereof, by removing the “.” at the end of

1 paragraph (11) thereof and replacing it with “; and” and  
2 (b) adding a new paragraph (12) which reads as follows:

3 “(12) to impose reasonable fees to be charged  
4 in connection with applications for assistance, and  
5 the provision of assistance under this Act and the  
6 Small Business Investment Act of 1958 and to re-  
7 tain such fees to offset the costs of administration  
8 of such assistance.”.

9 ~~SEC. 509.~~ Section 8(b) of the Small Business Act is  
10 amended by deleting the word “and” at the end of para-  
11 graph (15), by striking the period at the end of paragraph  
12 8(b)(16) and replacing it with “; and”, and by adding a  
13 new paragraph 8(b)(17) which reads as follows:

14 “(17) to charge and collect such fees as may be  
15 necessary to cover all costs associated with the pro-  
16 duction and dissemination of compilations of infor-  
17 mation produced by the Administration under the  
18 authority of the Small Business Act and the Small  
19 Business Investment Act of 1958, and to retain such  
20 fees and utilize such fees to offset the costs of pro-  
21 duction and dissemination of such compilations of  
22 information.”.

## TITLE VI

1  
2       ~~SEC. 601.~~ Sections 20(k) through 20(p) of the Small  
3 ~~Business Act~~ are repealed and the following is substituted  
4 in their place:

5       “(k) The following program levels are authorized for  
6 fiscal year 1995:

7           “(1) For the programs authorized by this Act,  
8 the Administration is authorized to make  
9 \$13,910,000,000 in deferred participation loans and  
10 other financings; and of such sum, the Administra-  
11 tion is authorized to make \$11,500,000,000 in gen-  
12 eral business loans as provided in section 7(a),  
13 \$110,000,000 in loans as provided in section 7(m),  
14 and \$2,300,000,000 in financings as provided in sec-  
15 tion 7(a)(13) and section 504 of the Small Business  
16 Investment Act of 1958.

17           “(2) For the programs authorized by title III of  
18 the Small Business Investment Act of 1958, the Ad-  
19 ministration is authorized to make \$23,000,000 in  
20 purchases of preferred stock, \$275,000,000 in guar-  
21 antees of debentures of which \$65,000,000 is au-  
22 thorized for guarantees of debentures of companies  
23 operating pursuant to section 301(d) of such Act,  
24 and \$550,000,000 in guarantees of participating  
25 securities.

1           “(3) For the programs authorized by part B of  
2           title IV of the Small Business Investment Act of  
3           1958, the Administration is authorized to enter into  
4           guarantees not to exceed \$2,000,000,000.

5           “(l) There are authorized to be appropriated to the  
6           Administration for fiscal year 1995 such sums as may be  
7           necessary to carry out subsection (k), including salaries  
8           and expenses of the Administration.

9           “(m) The following program levels are authorized for  
10          fiscal year 1996:

11           “(1) For the programs authorized by this Act,  
12          the Administration is authorized to make  
13          \$17,475,000,000 in deferred participation loans and  
14          other financings; and of such sum, the Administra-  
15          tion is authorized to make \$13,500,000,000 in gen-  
16          eral business loans as provided in section 7(a),  
17          \$175,000,000 in loans as provided in section 7(m),  
18          and \$3,800,000,000 in financings as provided in sec-  
19          tion 7(a)(13) and section 504 of the Small Business  
20          Investment Act of 1958.

21           “(2) For the programs authorized by title III of  
22          the Small Business Investment Act of 1958, the Ad-  
23          ministration is authorized to make \$24,000,000 in  
24          purchases of preferred stock, \$320,000,000 in guar-  
25          antees of debentures of which \$70,000,000 is au-

1       thorized for guarantees of debentures of companies  
2       operating pursuant to section 301(d) of such Act,  
3       and \$1,100,000,000 in guarantees of participating  
4       securities.

5           “(3) For the programs authorized by part B of  
6       title IV of the Small Business Investment Act of  
7       1958, the Administration is authorized to enter into  
8       guarantees not to exceed \$2,000,000,000.

9       “(n) There are authorized to be appropriated to the  
10      Administration for fiscal year 1996, such sums as may  
11      be necessary to carry out subsection (m), including sala-  
12      ries and expenses of the Administration.

13      “(o) The following program levels are authorized for  
14      fiscal year 1997:

15           “(1) For the programs authorized by this Act,  
16      the Administration is authorized to make  
17      \$21,450,000,000 in deferred participation loans and  
18      other financings; and of such sum, the Administra-  
19      tion is authorized to make \$15,500,000,000 in gen-  
20      eral business loans as provided in section 7(a),  
21      \$250,000,000 in loans as provided in section 7(m),  
22      and \$5,700,000,000 in financings as provided in sec-  
23      tion 7(a)(13) and section 504 of the Small Business  
24      Investment act of 1958.

1           “(2) For the programs authorized by title III of  
 2           the Small Business Investment Act of 1958, the Ad-  
 3           ministration is authorized to make \$25,000,000 in  
 4           purchases of deferred stock, \$385,000,000 in guar-  
 5           antees of debentures of which \$75,500,000 is au-  
 6           thorized for guarantees of debentures of companies  
 7           operating pursuant to section 301(d) of such Act,  
 8           and \$1,700,000,000 in guarantees of participating  
 9           securities.

10           “(3) For the programs authorized by part B of  
 11           title IV of the Small Business Investment Act of  
 12           1958, the Administration is authorized to enter into  
 13           guarantees not to exceed \$2,000,000,000.

14           “(p) There are authorized to be appropriated to the  
 15           Administration for fiscal year 1997, such sums as may  
 16           be necessary to carry out subsection (o), including salaries  
 17           and expenses of the Administration.”.

18           **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

19           (a) *SHORT TITLE.*—This Act may be cited as the  
 20           “Small Business Administration Reauthorization and  
 21           Amendment Act of 1994”.

22           (b) *TABLE OF CONTENTS.*—The table of contents for  
 23           this Act is as follows:

*Sec. 1. Short title; table of contents.*

*TITLE I—AUTHORIZATIONS*

*Sec. 101. Authorizations.*

*TITLE II—FINANCIAL ASSISTANCE PROGRAMS*

- Sec. 201. Microloan financing pilot.*
- Sec. 202. Eligibility of Native American tribal governments to be microloan intermediaries.*
- Sec. 203. Microloan program extension.*
- Sec. 204. Microloan program funding and State limitations.*
- Sec. 205. Distribution of intermediaries.*
- Sec. 206. Microloan intermediary loan limitation.*
- Sec. 207. Microloan technical assistance to nonborrowers.*
- Sec. 208. Microloan demonstration program grants.*
- Sec. 209. Eligibility to participate as a microloan intermediary and a technical assistance provider.*
- Sec. 210. Loans to exporters.*
- Sec. 211. Working capital international trade loans.*
- Sec. 212. Guarantees on international trade loans.*
- Sec. 213. Accredited lenders program.*
- Sec. 214. Interest rate on certified development company loans.*
- Sec. 215. Certifications of eligibility for SBIC and SSBIC financing.*
- Sec. 216. Participating securities for smaller SBICs.*

*TITLE III—SIZE STANDARDS AND BOND GUARANTEES*

- Sec. 301. Size standard criteria.*
- Sec. 302. Sunset on preferred surety bond guarantee program.*
- Sec. 303. Manufacturing contracts through manufacturing application and education centers.*

*TITLE IV—BUSINESS DEVELOPMENT ASSISTANCE*

*Subtitle A—General Provisions*

- Sec. 401. Sunset on cosponsored training.*
- Sec. 402. Small business development center program level.*
- Sec. 403. Federal contracts with small business development centers.*
- Sec. 404. Small business development center program examination and certification.*
- Sec. 405. Service Corps of Retired Executives (SCORE) program.*
- Sec. 406. Information concerning franchising.*

*Subtitle B—Development of Woman-Owned Businesses*

- Sec. 411. Extension of authority for demonstration projects.*
- Sec. 412. Establishment of Office of Women's Business Ownership.*
- Sec. 413. National Commission on Women in Business.*

*TITLE V—RELIEF FROM DEBENTURE PREPAYMENT PENALTIES*

- Sec. 501. Short title.*
- Sec. 502. Prepayment of development company debentures.*

*TITLE VI—MISCELLANEOUS AMENDMENTS*

- Sec. 601. Consolidation of funding accounts.*
- Sec. 602. Imposition of fees.*
- Sec. 603. Job creation and community benefit.*
- Sec. 604. Microloan program amendments.*
- Sec. 605. Technical clarification.*

*Sec. 606. Secondary market study due date.*

*Sec. 607. Study and data base: Guaranteed Business Loan Program and Development Company Program.*

*Sec. 608. SBIR vendors.*

*Sec. 609. Program extension.*

*Sec. 610. Prohibition on the use of funds for individuals not lawfully within the United States.*

*Sec. 611. Office of advocacy employees.*

*Sec. 612. Prohibition on the provision of assistance.*

*Sec. 613. Certification of compliance with child support obligations.*

# 1       ***TITLE I—AUTHORIZATIONS***

## 2       ***SEC. 101. AUTHORIZATIONS.***

3       *Section 20 of the Small Business Act (15 U.S.C. 631*  
 4 *note) is amended by striking subsections (k) (as added by*  
 5 *section 405(3) of the Small Business Credit and Business*  
 6 *Opportunity Enhancement Act of 1992) through (p) and*  
 7 *inserting the following:*

8       *“(l) The following program levels are authorized for*  
 9 *fiscal year 1995:*

10       *“(1) For the programs authorized by this Act,*  
 11 *the Administration is authorized to make*  
 12 *\$110,000,000 in direct and immediate participation*  
 13 *loans, and \$45,000,000 in technical assistance grants*  
 14 *as provided in section 7(m).*

15       *“(2) For the programs authorized by this Act,*  
 16 *the Administration is authorized to make*  
 17 *\$13,315,000,000 in deferred participation loans and*  
 18 *other financings. Of such sum, the Administration is*  
 19 *authorized to make—*



1           “(A) \$9,000,000,000 in general business  
2           loans as provided in section 7(a);

3           “(B) \$2,300,000,000 in financings as pro-  
4           vided in section 7(a)(13) and section 504 of the  
5           Small Business Investment Act of 1958;

6           “(C) \$2,000,000,000 in loans as provided in  
7           section 7(a)(21); and

8           “(D) \$15,000,000 in loans as provided in  
9           section 7(m).

10          “(3) For the programs authorized by title III of  
11          the Small Business Investment Act of 1958, the Ad-  
12          ministration is authorized to make—

13               “(A) \$33,000,000 in purchases of preferred  
14               securities;

15               “(B) \$275,000,000 in guarantees of deben-  
16               tures, of which \$65,000,000 is authorized in  
17               guarantees of debentures from companies operat-  
18               ing pursuant to section 301(d) of such Act; and

19               “(C) \$500,000,000 in guarantees of partici-  
20               pating securities.

21          “(4) For the programs authorized by part B of  
22          title IV of the Small Business Investment Act of 1958,  
23          the Administration is authorized to enter into guar-  
24          antees not to exceed \$1,800,000,000, of which not  
25          more than \$450,000,000 may be in bonds approved

1       *pursuant to the provisions of section 411(a)(3) of such*  
2       *Act.*

3               “(5) *The Administration is authorized to make*  
4       *grants or enter into cooperative agreements—*

5                       “(A) *for the Service Corps of Retired Execu-*  
6       *tives program authorized by section 8(b)(1),*  
7       *\$3,500,000;*

8                       “(B) *for the Small Business Institute pro-*  
9       *gram authorized by section 8(b)(1), \$3,000,000;*  
10       *and*

11                      “(C) *for activities of small business develop-*  
12       *ment centers pursuant to section 21(c)(3)(G),*  
13       *\$25,000,000, to remain available until expended.*

14       “(m) *There are authorized to be appropriated to the*  
15       *Administration for fiscal year 1995 such sums as may be*  
16       *necessary to carry out the provisions of this Act, including*  
17       *administrative expenses and necessary loan capital for dis-*  
18       *aster loans pursuant to section 7(b), and to carry out the*  
19       *provisions of the Small Business Investment Act of 1958,*  
20       *including salaries and expenses of the Administration.*

21       “(n) *The following program levels are authorized for*  
22       *fiscal year 1996:*

23                      “(1) *For the programs authorized by this Act,*  
24       *the Administration is authorized to make*  
25       *\$175,000,000 in direct and immediate participation*

1        *loans, and \$65,000,000 in technical assistance grants*  
2        *as provided in section 7(m).*

3            *“(2) For the programs authorized by this Act,*  
4        *the Administration is authorized to make*  
5        *\$15,320,000,000 in deferred participation loans and*  
6        *other financings. Of such sum, the Administration is*  
7        *authorized to make—*

8            *“(A) \$10,000,000,000 in general business*  
9        *loans as provided in section 7(a);*

10           *“(B) \$2,800,000,000 in financings as pro-*  
11        *vided in section 7(a)(13) and section 504 of the*  
12        *Small Business Investment Act of 1958;*

13           *“(C) \$2,500,000,000 in loans as provided in*  
14        *section 7(a)(21); and*

15           *“(D) \$20,000,000 in loans as provided in*  
16        *section 7(m).*

17           *“(3) For the programs authorized by title III of*  
18        *the Small Business Investment Act of 1958, the Ad-*  
19        *ministration is authorized to make—*

20           *“(A) \$39,000,000 in purchases of preferred*  
21        *securities;*

22           *“(B) \$300,000,000 in guarantees of deben-*  
23        *tures, of which \$70,000,000 is authorized in*  
24        *guarantees of debentures from companies operat-*  
25        *ing pursuant to section 301(d) of such Act; and*

1           “(C) \$750,000,000 in guarantees of partici-  
2           pating securities.

3           “(4) For the programs authorized by part B of  
4           title IV of the Small Business Investment Act of 1958,  
5           the Administration is authorized to enter into guar-  
6           antees not to exceed \$2,000,000,000, of which not  
7           more than \$500,000,000 may be in bonds approved  
8           pursuant to the provisions of section 411(a)(3) of such  
9           Act.

10          “(5) The Administration is authorized to make  
11          grants or enter cooperative agreements—

12               “(A) for the Service Corps of Retired Execu-  
13               tives program authorized by section 8(b)(1),  
14               \$3,750,000;

15               “(B) for the small business institute pro-  
16               gram authorized by section 8(b)(1), \$3,250,000;  
17               and

18               “(C) for activities of small business develop-  
19               ment centers pursuant to section 21(c)(3)(G), not  
20               to exceed \$25,000,000, to remain available until  
21               expended.

22          “(o) There are authorized to be appropriated to the Ad-  
23          ministration for fiscal year 1996 such sums as may be nec-  
24          essary to carry out the provisions of this Act, including ad-  
25          ministrative expenses and necessary loan capital for disas-

1 *ter loans pursuant to section 7(b), and to carry out the pro-*  
2 *visions of the Small Business Investment Act of 1958, in-*  
3 *cluding salaries and expenses of the Administration.*

4       “(p) *The following program levels are authorized for*  
5 *fiscal year 1997:*

6               “(1) *For the programs authorized by this Act,*  
7 *the Administration is authorized to make*  
8 *\$250,000,000 in direct and immediate participation*  
9 *loans and \$98,000,000 in technical assistance grants*  
10 *as provided in section 7(m), to remain available until*  
11 *expended.*

12              “(2) *For the programs authorized by this Act,*  
13 *the Administration is authorized to make*  
14 *\$19,020,000,000 in deferred participation loans and*  
15 *other financings. Of such sum, the Administration is*  
16 *authorized to make—*

17                   “(A) *\$12,000,000,000 in general business*  
18 *loans as provided in section 7(a);*

19                   “(B) *\$3,500,000,000 in financings as pro-*  
20 *vided in section 7(a)(13) and section 504 of the*  
21 *Small Business Investment Act of 1958;*

22                   “(C) *\$3,500,000,000 in loans as provided in*  
23 *section 7(a)(21); and*

24                   “(D) *\$20,000,000 in loans as provided in*  
25 *section 7(m).*

1           “(3) For the programs authorized by title III of  
2     the Small Business Investment Act of 1958, the Ad-  
3     ministration is authorized to make—

4           “(A) \$45,000,000 in purchases of preferred  
5     securities;

6           “(B) \$375,000,000 in guarantees of deben-  
7     tures, of which \$75,000,000 is authorized in  
8     guarantees of debentures from companies operat-  
9     ing pursuant to section 301(d) of such Act; and

10          “(C) \$1,125,000,000 in guarantees of par-  
11     ticipating securities.

12          “(4) For the programs authorized by part B of  
13     title IV of the Small Business Investment Act of 1958,  
14     the Administration is authorized to enter into guar-  
15     antees not to exceed \$2,200,000,000, of which not  
16     more than \$650,000,000 may be in bonds approved  
17     pursuant to the provisions of section 411(a)(3) of such  
18     Act.

19          “(5) The Administration is authorized to make  
20     grants or enter cooperative agreements—

21           “(A) for the Service Corps of Retired Execu-  
22     tives program authorized by section 8(b)(1),  
23     \$4,000,000;

1           “(B) for the small business institute pro-  
 2           gram authorized by section 8(b)(1), \$3,500,000;  
 3           and

4           “(C) for activities of small business develop-  
 5           ment centers pursuant to section 21(c)(3)(G), not  
 6           to exceed \$25,000,000, to remain available until  
 7           expended.

8           “(q) There are authorized to be appropriated to the  
 9           Administration for fiscal year 1997 such sums as may be  
 10          necessary to carry out the provisions of this Act, including  
 11          administrative expenses and necessary loan capital for dis-  
 12          aster loans pursuant to section 7(b), and to carry out the  
 13          provisions of the Small Business Investment Act of 1958,  
 14          including salaries and expenses of the Administration.”.

## 15                   **TITLE II—FINANCIAL** 16                   **ASSISTANCE PROGRAMS**

### 17   **SEC. 201. MICROLOAN FINANCING PILOT.**

18          Section 7(m) of the Small Business Act (15 U.S.C.  
 19   636(m)) is amended by adding at the end the following new  
 20   paragraph:

21           “(12) DEFERRED PARTICIPATION LOAN PILOT.—  
 22          In lieu of making direct loans to intermediaries as  
 23          authorized in paragraph (1)(B), during fiscal years  
 24          1995 through 1997, the Administration may, on a  
 25          pilot program basis, participate on a deferred basis

1       *of not less than 90 percent and not more than 100*  
2       *percent on loans made to intermediaries by a for-*  
3       *profit or nonprofit entity or by alliances of such enti-*  
4       *ties, subject to the following conditions:*

5               “(A) *NUMBER OF LOANS.*—*In carrying out*  
6       *this paragraph, the Administration shall not*  
7       *participate in providing financing on a deferred*  
8       *basis to more than 10 intermediaries in urban*  
9       *areas or more than 10 intermediaries in rural*  
10       *areas.*

11              “(B) *TERM OF LOANS.*—*The term of each*  
12       *loan shall be 10 years. During the first year of*  
13       *the loan, the intermediary shall not be required*  
14       *to repay any interest or principal. During the*  
15       *second through fifth years of the loan, the*  
16       *intermediary shall be required to pay interest*  
17       *only. During the sixth through tenth years of the*  
18       *loan, the intermediary shall be required to make*  
19       *interest payments and fully amortize the prin-*  
20       *cipal.*

21              “(C) *INTEREST RATE.*—*The interest rate on*  
22       *each loan shall be the rate specified by para-*  
23       *graph (3)(F) for direct loans. Subject to the*  
24       *availability of appropriations, the Administra-*  
25       *tion may make payments to lenders on behalf of*



1 *intermediaries in order to achieve such interest*  
 2 *rate.”.*

3 **SEC. 202. ELIGIBILITY OF NATIVE AMERICAN TRIBAL GOV-**  
 4 **ERNMENTS TO BE MICROLOAN**  
 5 **INTERMEDIARIES.**

6 *Section 7(m)(11)(A) of the Small Business Act (15*  
 7 *U.S.C. 636(m)(11)(A)) is amended—*

8 *(1) in clause (iii), by striking “or” at the end;*

9 *(2) in clause (iv), by striking the comma at the*  
 10 *end and inserting “; or”; and*

11 *(3) by adding at the end the following new*  
 12 *clause:*

13 *“(v) an agency of or nonprofit entity*  
 14 *established by a Native American Tribal*  
 15 *Government,”.*

16 **SEC. 203. MICROLOAN PROGRAM EXTENSION.**

17 *Section 609(j) of Public Law 102–140 (105 Stat. 831)*  
 18 *is amended by striking “5 years after the date of enactment*  
 19 *of this Act”, and inserting “on October 1, 1998”.*

20 **SEC. 204. MICROLOAN PROGRAM FUNDING AND STATE LIM-**  
 21 **TATIONS.**

22 *Section 7(m) of the Small Business Act (15 U.S.C.*  
 23 *636(m)) is amended—*

24 *(1) in paragraph (5)(A)—*

1 (A) by striking “25 grants” and inserting  
 2 “50 grants”; and

3 (B) by striking “\$125,000” and inserting  
 4 “\$150,000”; and

5 (2) by striking paragraph (7) and inserting the  
 6 following:

7 “(7) PROGRAM FUNDING FOR MICROLOANS.—

8 “(A) NUMBER OF PARTICIPANTS.—In carry-  
 9 ing out paragraph (1)(B)(i), the Administration  
 10 may fund, on a competitive basis, not more  
 11 than—

12 “(i) 150 microloan programs in fiscal  
 13 year 1995; and

14 “(ii) 200 microloan programs in each  
 15 succeeding fiscal year.

16 “(B) STATE LIMITATIONS.—A State shall  
 17 not receive more than \$10,000,000 in loan funds  
 18 during any year of program participation.”.

19 **SEC. 205. DISTRIBUTION OF INTERMEDIARIES.**

20 Section 7(m)(8) of the Small Business Act (15 U.S.C.  
 21 636(m)(8)) is amended to read as follows:

22 “(8) DISTRIBUTION OF INTERMEDIARIES.—In  
 23 approving microloan program applicants under this  
 24 subsection, the Administration shall select such  
 25 intermediaries as will further microloan availability

1        *for small businesses in all industries located through-*  
 2        *out each State, especially small businesses located in*  
 3        *economically distressed urban and rural areas.”.*

4        **SEC. 206. MICROLOAN INTERMEDIARY LOAN LIMITATION.**

5        *Section 7(m)(3)(C) of the Small Business Act (15*  
 6        *U.S.C. 636(m)(3)(C)) is amended by striking “\$1,250,000”*  
 7        *and inserting “\$2,000,000”.*

8        **SEC. 207. MICROLOAN TECHNICAL ASSISTANCE TO**  
 9                **NONBORROWERS.**

10        *Section 7(m)(4) of the Small Business Act (15 U.S.C.*  
 11        *636(m)(4)) is amended by adding at the end the following*  
 12        *new subparagraph:*

13                *“(E) ASSISTANCE TO CERTAIN SMALL BUSI-*  
 14                *NESS CONCERNS.—Each intermediary may ex-*  
 15                *pend an amount not to exceed 20 percent of the*  
 16                *grant funds authorized under paragraph*  
 17                *(1)(B)(ii) to provide marketing, management,*  
 18                *and technical assistance to small business con-*  
 19                *cerns that are not borrowers under this sub-*  
 20                *section.”.*

21        **SEC. 208. MICROLOAN DEMONSTRATION PROGRAM GRANTS.**

22        *Section 7(m)(4) of the Small Business Act (15 U.S.C.*  
 23        *636(m)(4)) is amended—*

24                *(1) in subparagraph (B), by inserting “except*  
 25        *for a grant made to an intermediary that provides*

1     *not less than 50 percent of its loans to small business*  
2     *concerns owned by one or more members of a federally*  
3     *recognized Indian tribe,” after “under subparagraph*  
4     *(A),”; and*

5             *(2) in subparagraph (C), by striking clause (i)*  
6     *and inserting the following:*

7                     *“(i) IN GENERAL.—In addition to*  
8                     *grants made under subparagraph (A), each*  
9                     *intermediary shall be eligible to receive a*  
10                    *grant equal to 5 percent of the total out-*  
11                    *standing balance of loans made to the*  
12                    *intermediary under this subsection if—*

13                    *“(I) the intermediary provides not*  
14                    *less than 25 percent of its loans to*  
15                    *small business concerns owned by one*  
16                    *or more members of a federally recog-*  
17                    *nized Indian tribe; or*

18                    *“(II) the intermediary has a port-*  
19                    *folio of loans made under this sub-*  
20                    *section that averages not more than*  
21                    *\$7,500 during the period of the*  
22                    *intermediary’s participation in the*  
23                    *program.”.*

1 **SEC. 209. ELIGIBILITY TO PARTICIPATE AS A MICROLOAN**  
 2 **INTERMEDIARY AND A TECHNICAL ASSIST-**  
 3 **ANCE PROVIDER.**

4 *Section 7(m)(2) of the Small Business Act (15 U.S.C.*  
 5 *636(m)(2)) is amended—*

6 *(1) by striking “(2) ELIGIBILITY FOR PARTICIPA-*  
 7 *TION.—An” and inserting the following:*

8 *“(2) ELIGIBILITY FOR PARTICIPATION.—*

9 *“(A) IN GENERAL.—An”;*

10 *(2) by redesignating subparagraphs (A) and (B)*  
 11 *as clauses (i) and (ii), respectively, and indenting ac-*  
 12 *cordingly; and*

13 *(3) by adding at the end the following new sub-*  
 14 *paragraph:*

15 *“(B) PARTICIPATION AS INTERMEDIARY AND*  
 16 *TECHNICAL ASSISTANCE PROVIDER.—A single*  
 17 *entity may simultaneously receive 1 grant as an*  
 18 *intermediary pursuant to paragraph (1)(B)(ii)*  
 19 *and 1 grant as a nonintermediary technical as-*  
 20 *sistance provider pursuant to paragraph*  
 21 *(1)(B)(iii) if the Administration determines*  
 22 *that—*

23 *“(i) the purposes of the grants are not*  
 24 *duplicative;*

25 *“(ii) the grants will enable the entity*  
 26 *to provide technical assistance to different*

1           *geographic areas, or to support both guar-*  
 2           *anteed and direct loans in the same geo-*  
 3           *graphic area; and*

4           *“(iii) the entity meets all of the re-*  
 5           *quirements of the programs authorized pur-*  
 6           *suant to clauses (ii) and (iii) of paragraph*  
 7           *(1)(B).”.*

8   **SEC. 210. LOANS TO EXPORTERS.**

9           *Section 7(a)(14)(A) of the Small Business Act (15*  
 10          *U.S.C. 636(a)(14)(A)) is amended to read as follows:*

11           *“(14)(A) The Administration may provide exten-*  
 12           *sions of credit, standby letters of credit, revolving*  
 13           *lines of credit for export purposes, and other financ-*  
 14           *ing to enable small business concerns, including small*  
 15           *business export trading companies and small business*  
 16           *export management companies, to develop foreign*  
 17           *markets. A bank or participating lending institution*  
 18           *may establish the rate of interest on such financings*  
 19           *as may be legal and reasonable.”.*

20   **SEC. 211. WORKING CAPITAL INTERNATIONAL TRADE**  
 21           **LOANS.**

22           *Section 7(a)(3)(B) of the Small Business Act (15*  
 23          *U.S.C. 636(a)(3)(B)) is amended to read as follows:*

24           *“(B) if the total amount outstanding and*  
 25           *committed (on a deferred basis) solely for the*

purposes provided in paragraph (16) to the borrower from the business loan and investment fund established by this Act would exceed \$1,250,000, of which not more than \$750,000 may be used for working capital, supplies, or financings under section 7(a)(14) for export purposes; and”.

**SEC. 212. GUARANTEES ON INTERNATIONAL TRADE LOANS.**

Section 7(a)(2)(B)(iv) of the Small Business Act (15 U.S.C. 636(a)(2)(B)(iv)) is amended to read as follows:

“(iv) not less than 85 percent nor more than 90 percent of the financing outstanding at the time of disbursement if such financing is a loan under paragraph (14) or (16).”.

**SEC. 213. ACCREDITED LENDERS PROGRAM.**

(a) *ESTABLISHMENT.*—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended by adding at the end the following new section:

**“SEC. 507. ACCREDITED LENDERS PROGRAM.**

“(a) *ESTABLISHMENT.*—The Administration is authorized to establish an Accredited Lenders Program for qualified State and local development companies that meet the requirements of subsection (b).

1       “(b) *REQUIREMENTS.*—*The Administration may des-*  
 2 *ignate a qualified State or local development company as*  
 3 *an accredited lender if such company—*

4               “(1) *has been an active participant in the Devel-*  
 5 *opment Company Program authorized by sections*  
 6 *502, 503, and 504 for not less than the preceding 12*  
 7 *months;*

8               “(2) *has well-trained, qualified personnel who*  
 9 *are knowledgeable in the Administration’s lending*  
 10 *policies and procedures for such Development Com-*  
 11 *pany Program;*

12               “(3) *has the ability to process, close, and service*  
 13 *financing for plant and equipment under such Devel-*  
 14 *opment Company Program;*

15               “(4) *has a reasonable and acceptable loss rate on*  
 16 *the company’s debentures;*

17               “(5) *has a history of submitting to the Adminis-*  
 18 *tration complete and accurate debenture guaranty ap-*  
 19 *plication packages; and*

20               “(6) *has demonstrated the ability to serve small*  
 21 *business credit needs for financing plant and equip-*  
 22 *ment through the Development Company Program*  
 23 *authorized by sections 502, 503, and 504.*

24       “(c) *EXPEDITED PROCESSING OF LOAN APPLICA-*  
 25 *TIONS.*—*The Administration shall develop an expedited*



1 *procedure for processing a loan application or servicing ac-*  
 2 *tion submitted by a qualified State or local development*  
 3 *company that has been designated as an accredited lender*  
 4 *in accordance with subsection (b).*

5       “(d) *SUSPENSION OR REVOCATION OF DESIGNA-*  
 6 *TION.*—

7               “(1) *IN GENERAL.*—*The designation of a quali-*  
 8 *fied State or local development company as an ac-*  
 9 *credited lender may be suspended or revoked if the*  
 10 *Administration determines that—*

11                       “(A) *the development company has not con-*  
 12 *tinued to meet the criteria for eligibility under*  
 13 *subsection (b); or*

14                       “(B) *the development company has failed to*  
 15 *adhere to the Administration’s rules and regula-*  
 16 *tions or is violating any other applicable provi-*  
 17 *sion of law.*

18               “(2) *EFFECT.*—*A suspension or revocation under*  
 19 *paragraph (1) shall not affect any outstanding debent-*  
 20 *ure guarantee.*

21       “(e) *DEFINITION.*—*For purposes of this section, the*  
 22 *term ‘qualified State or local development company’ has the*  
 23 *same meaning as in section 503(e).’.*

1       (b) *REGULATIONS.*—Not later than 120 days after the  
 2   date of enactment of this Act, the Administration shall pro-  
 3   mulgate final regulations to carry out this section.

4       (c) *REPORT.*—Not later than 1 year after the effective  
 5   date of regulations promulgated under subsection (b), the  
 6   Administration shall report to the Committees on Small  
 7   Business of the Senate and the House of Representatives  
 8   on the implementation of this section. Such report shall in-  
 9   clude data on the number of development companies des-  
 10   ignated as accredited lenders, their debenture guarantee vol-  
 11   ume, their loss rates, the average processing time on their  
 12   guarantee applications, and such other information as the  
 13   Administration deems appropriate.

14   **SEC. 214. INTEREST RATE ON CERTIFIED DEVELOPMENT**  
 15                   **COMPANY LOANS.**

16       Section 112(c) of the Small Business Administration  
 17   Reauthorization and Amendment Act of 1988 (102 Stat.  
 18   2996) is amended—

19               (1) in paragraph (1), by striking “(1) IN GEN-  
 20       ERAL.—Section 503” and inserting “Section 503”;  
 21       and

22               (2) by striking paragraph (2).

1 **SEC. 215. CERTIFICATIONS OF ELIGIBILITY FOR SBIC AND**  
 2 **SSBIC FINANCING.**

3 *Section 308 of the Small Business Investment Act of*  
 4 *1958 (15 U.S.C. 687) is amended by adding at the end the*  
 5 *following new subsection:*

6 “(h) *CERTIFICATIONS OF ELIGIBILITY.*—

7 “(1) *CERTIFICATION BY SMALL BUSINESS CON-*  
 8 *CERN.*—*Prior to receiving financial assistance from a*  
 9 *company licensed pursuant to subsection (c) or (d) of*  
 10 *section 301, a small business concern shall certify in*  
 11 *writing that it meets the eligibility requirements of*  
 12 *the Small Business Investment Company Program or*  
 13 *the Specialized Small Business Investment Company*  
 14 *Program, as applicable.*

15 “(2) *CERTIFICATION BY COMPANY.*—*Prior to pro-*  
 16 *viding financial assistance to a small business con-*  
 17 *cern under this Act, a company licensed pursuant to*  
 18 *subsection (c) or (d) of section 301 shall certify in*  
 19 *writing that it has reviewed the application for as-*  
 20 *sistance of the small business concern and that all*  
 21 *documentation and other information supports the*  
 22 *eligibility of the applicant.*

23 “(3) *RETENTION OF CERTIFICATIONS.*—*Certifi-*  
 24 *cates made pursuant to paragraphs (1) and (2) shall*  
 25 *be retained by the company licensed pursuant to sub-*

1        *section (c) or (d) of section 301 for the duration of*  
 2        *the financial assistance.”.*

3        **SEC. 216. PARTICIPATING SECURITIES FOR SMALLER SBICS.**

4        *Section 303(g) of the Small Business Investment Act*  
 5        *of 1958 (15 U.S.C. 683(g)) is amended by adding at the*  
 6        *end the following new paragraph:*

7                *“(13) PARTICIPATING SECURITIES FOR SMALLER*  
 8        *SMALL BUSINESS INVESTMENT COMPANIES.—*

9                *“(A) IN GENERAL.—Subject to the provi-*  
 10        *sions of subparagraph (B), of the amount of the*  
 11        *annual program level of participating securities*  
 12        *approved in appropriations Acts, 50 percent*  
 13        *shall be reserved for funding small business in-*  
 14        *vestment companies with private capital of less*  
 15        *than \$20,000,000.*

16                *“(B) EXCEPTION.—During the last quarter*  
 17        *of each fiscal year, if the Administrator deter-*  
 18        *mines that there is a lack of qualified applicants*  
 19        *with private capital of less than \$20,000,000, the*  
 20        *Administrator may utilize all or any part of the*  
 21        *program level for securities reserved under sub-*  
 22        *paragraph (A) for qualified applicants with pri-*  
 23        *vate capital of \$20,000,000 or more.”.*

1 ***TITLE III—SIZE STANDARDS AND***  
 2 ***BOND GUARANTEES***

3 ***SEC. 301. SIZE STANDARD CRITERIA.***

4 *Section 3(a)(2) of the Small Business Act (15 U.S.C.*  
 5 *632(a)(2)) is amended to read as follows:*

6 *“(2) SIZE STANDARD CRITERIA.—*

7 *“(A) IN GENERAL.—In addition to the cri-*  
 8 *teria specified in paragraph (1), the Adminis-*  
 9 *trator may specify detailed definitions or stand-*  
 10 *ards by which a business concern may be deter-*  
 11 *mined to be a small business concern for the pur-*  
 12 *poses of this Act or any other Act.*

13 *“(B) ADDITIONAL CRITERIA.—The stand-*  
 14 *ards described in paragraph (1) may utilize*  
 15 *number of employees, dollar volume of business,*  
 16 *net worth, net income, or a combination thereof.*

17 *“(C) REQUIREMENTS.—Unless specifically*  
 18 *authorized by statute, no Federal department or*  
 19 *agency may prescribe a size standard for cat-*  
 20 *egorizing a business concern as a small business*  
 21 *concern, unless such proposed size standard—*

22 *“(i) is proposed after an opportunity*  
 23 *for public notice and comment;*

24 *“(ii) provides for determining—*

1           “(I) the size of a manufacturing  
 2           concern as measured by the manufac-  
 3           turing concern’s average employment  
 4           based upon employment during each of  
 5           the manufacturing concern’s pay peri-  
 6           ods for the preceding 12 months;

7           “(II) the size of a business concern  
 8           providing services on the basis of the  
 9           annual average gross receipts of the  
 10          business concern over a period of not  
 11          less than 3 years; and

12          “(III) the size of other business  
 13          concerns on the basis of data over a pe-  
 14          riod of not less than 3 years; and

15          “(iii) is approved by the Adminis-  
 16          trator.”.

17 **SEC. 302. SUNSET ON PREFERRED SURETY BOND GUARAN-**  
 18 **TEE PROGRAM.**

19          Section 207 of the Small Business Administration Re-  
 20          authorization and Amendment Act of 1988 (15 U.S.C. 694b  
 21          note) is amended by striking “September 30, 1994” and in-  
 22          serting “September 30, 1995”.

1 **SEC. 303. MANUFACTURING CONTRACTS THROUGH MANU-**  
 2 **FACTURING APPLICATION AND EDUCATION**  
 3 **CENTERS.**

4 (a) *IN GENERAL.*—The Small Business Administra-  
 5 tion shall promote the award of Federal manufacturing con-  
 6 tracts to small business concerns that participate in manu-  
 7 facturing application and education centers by working  
 8 with the Department of Commerce and other agencies to  
 9 identify components and subsystems that are both critical  
 10 and currently foreign-sourced.

11 (b) *QUALIFICATIONS.*—In order to qualify as a manu-  
 12 facturing application and education center under this sec-  
 13 tion, an entity shall have the capacity to assist small busi-  
 14 ness concerns in a shared-use production environment and  
 15 to offer the following services:

- 16 (1) *Technology demonstration.*
- 17 (2) *Technology education.*
- 18 (3) *Technology application support.*
- 19 (4) *Technology advancement support.*

20 (c) *INAPPLICABILITY OF CERTAIN REQUIREMENTS.*—  
 21 The requirements of section 15(o)(1)(B) of the Small Busi-  
 22 ness Act shall not apply with respect to any manufacturing  
 23 contract carried out by a small business concern in conjunc-  
 24 tion with a manufacturing application and education cen-  
 25 ter under this section.

1       (d) *REGULATIONS.*—Not later than 180 days after the  
 2 date of enactment of this Act, the Administrator of the  
 3 Small Business Administration shall promulgate final reg-  
 4 ulations to carry out this section.

5       (e) *TERMINATION OF AUTHORITY.*—The authority of  
 6 the Small Business Administration under this section shall  
 7 terminate on September 30, 1997.

8                   ***TITLE IV—BUSINESS***  
 9                   ***DEVELOPMENT ASSISTANCE***  
 10                  ***Subtitle A—General Provisions***

11 ***SEC. 401. SUNSET ON COSPONSORED TRAINING.***

12       (a) *IN GENERAL.*—

13               (1) *REPEAL.*—The amendments made by section  
 14 5(a) of Small Business Computer Security and Edu-  
 15 cation Act of 1984 (15 U.S.C. 633 note) are hereby  
 16 repealed.

17               (2) *EFFECTIVE DATE.*—Paragraph (1) shall take  
 18 effect on September 30, 1997.

19       (b) *CONFORMING AMENDMENT.*—Section 7(b) of the  
 20 Small Business Computer Security and Education Act of  
 21 1984 (15 U.S.C. 633 note) is amended in the second sen-  
 22 tence by striking “and the amendments made to section  
 23 8(b)(1)(A) of the Small Business Act by section 5(a)(2) of  
 24 this Act are” and inserting “is”.



1 **SEC. 402. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
 2 **GRAM LEVEL.**

3 *Section 21(a)(4) of the Small Business Act (15 U.S.C.*  
 4 *648(a)(4)) is amended to read as follows:*

5 *“(4) SMALL BUSINESS DEVELOPMENT CENTER PRO-*  
 6 *GRAM LEVEL.—*

7 *“(A) IN GENERAL.—The Administration shall re-*  
 8 *quire as a condition of any grant (or amendment or*  
 9 *modification thereof) made to an applicant under this*  
 10 *section, that a matching amount (excluding any fees*  
 11 *collected from recipients of such assistance) equal to*  
 12 *the amount of such grant be provided from sources*  
 13 *other than the Federal Government, to be comprised*  
 14 *of not less than 50 percent cash and not more than*  
 15 *50 percent of indirect costs and in-kind contributions.*

16 *“(B) RESTRICTION.—The matching amount de-*  
 17 *scribed in subparagraph (A) shall not include any in-*  
 18 *direct costs or in-kind contributions derived from any*  
 19 *Federal program.*

20 *“(C) NATIONAL PROGRAM.—*

21 *“(i) IN GENERAL.—No recipient of funds*  
 22 *under this section shall receive a grant that ex-*  
 23 *ceeds—*

24 *“(I) for fiscal year 1995, the greater*  
 25 *of—*

1           “(aa) the sum of such recipient’s  
2           pro rata share of a national program  
3           based upon the population to be served  
4           by the small business development cen-  
5           ter as compared to the total population  
6           in the United States, and \$100,000; or

7           “(bb) \$200,000; and

8           “(II) except as provided in clause (ii),  
9           in each succeeding fiscal year, the greater  
10          of—

11           “(aa) the sum of such recipient’s  
12           pro rata share of a national program  
13           based upon the population to be served  
14           by the small business development cen-  
15           ter as compared to the total population  
16           in the United States, and \$200,000; or

17           “(bb) \$300,000.

18           “(ii) EXCEPTION.—The provisions of clause  
19           (i)(I) shall apply in any fiscal year after fiscal  
20           year 1995 in which, based on funds appro-  
21           priated, a small business development center  
22           would, under the provisions of clause (i)(II), re-  
23           ceive less than the small business development  
24           center received in fiscal year 1995.

1           “(iii) *AMOUNT.*—*The amount of the na-*  
2           *tional program shall be—*

3                   “(I) *\$70,000,000 through September*  
4                   *30, 1995;*

5                   “(II) *\$77,500,000 from October 1, 1995*  
6                   *through September 30, 1996; and*

7                   “(III) *\$85,000,000 beginning October*  
8                   *1, 1996.*

9           *The amount for which a small business develop-*  
10          *ment center is eligible under this paragraph*  
11          *shall be based upon the amount of the national*  
12          *program in effect as of the date for commence-*  
13          *ment of performance of the small business devel-*  
14          *opment center’s grant.”.*

15   ***SEC. 403. FEDERAL CONTRACTS WITH SMALL BUSINESS DE-***  
16                   ***VELOPMENT CENTERS.***

17          *Section 21(a)(5) of the Small Business Act (15 U.S.C.*  
18          *648(a)(5)) is amended to read as follows:*

19           “(5) *FEDERAL CONTRACTS WITH SMALL BUSINESS*  
20          *DEVELOPMENT CENTERS.—*

21                   “(A) *IN GENERAL.*—*A small business develop-*  
22          *ment center may enter into a contract with a Federal*  
23          *department or agency to provide specific assistance to*  
24          *small business concerns, if the contract is approved in*

1     *advance by the Associate Administrator of the small*  
 2     *business development center program.*

3             “(B) *APPROVAL CRITERIA.*—Each approval of a  
 4     *contract under subparagraph (A) shall be based upon*  
 5     *a determination that the contract will provide assist-*  
 6     *ance to small business concerns and that performance*  
 7     *of the contract will not hinder the small business de-*  
 8     *velopment center in carrying out the terms of the*  
 9     *grant received by the small business development cen-*  
 10    *ter from the Administration.*

11            “(C) *EXEMPTION FROM MATCHING REQUIRE-*  
 12    *MENT.*—A contract under this paragraph shall not be  
 13    *subject to the matching funds or eligibility require-*  
 14    *ments of paragraph (4).*

15            “(D) *ADDITIONAL PROVISION.*—Notwithstanding  
 16    *any other provision of law, a contract for assistance*  
 17    *under this paragraph may not be applied to any Fed-*  
 18    *eral department or agency’s small business, woman-*  
 19    *owned business, or socially and economically dis-*  
 20    *advantaged business contracting goal under section*  
 21    *15(g).”.*

22    **SEC. 404. SMALL BUSINESS DEVELOPMENT CENTER PRO-**  
 23            **GRAM EXAMINATION AND CERTIFICATION.**

24            *Section 21(k) of the Small Business Act (15 U.S.C.*  
 25    *648(k)) is amended to read as follows:*

1       “(k) *PROGRAM EXAMINATION AND CERTIFICATION.*—

2               “(1) *EXAMINATION.*—Not later than 180 days  
3       after the date of enactment of this subsection, the Ad-  
4       ministration shall develop and implement a biannual  
5       programmatic and financial examination of each  
6       small business development center established pursu-  
7       ant to this section.

8               “(2) *CERTIFICATION.*—The Administration may  
9       provide financial support, by contract or otherwise, to  
10      the association authorized by subsection (a)(3)(A) for  
11      the purpose of developing a small business develop-  
12      ment center certification program.

13              “(3) *EXTENSION OR RENEWAL OF COOPERATIVE*  
14      *AGREEMENTS.*—In extending or renewing a coopera-  
15      tive agreement of a small business development center,  
16      the Administration shall consider the results of the ex-  
17      amination and certification program conducted pur-  
18      suant to paragraphs (1) and (2).”.

19   **SEC. 405. SERVICE CORPS OF RETIRED EXECUTIVES**  
20               **(SCORE) PROGRAM.**

21      Section 8(b)(1) of the Small Business Act (15 U.S.C.  
22   637(b)(1)) is amended by adding at the end the following  
23   new subparagraph:

24              “(H) In carrying out subparagraph (B), the Ad-  
25      ministration shall encourage the Service Corps of Re-

1        *tired Executives (SCORE) established pursuant to*  
 2        *such subparagraph, to the maximum extent prac-*  
 3        *ticable, to consult and work in conjunction with the*  
 4        *Corporation for National and Community Service*  
 5        *and the Points of Light Foundation established under*  
 6        *the National and Community Service Act of 1990.”.*

7        **SEC. 406. INFORMATION CONCERNING FRANCHISING.**

8        *Section 8(b)(1)(A) of the Small Business Act (15*  
 9        *U.S.C. 637(b)(1)(A)) is amended by inserting “including*  
 10        *information on the benefits and risks of franchising,” after*  
 11        *“small-business enterprises,”.*

12        **Subtitle B—Development of Woman-**  
 13        **Owned Businesses**

14        **SEC. 411. EXTENSION OF AUTHORITY FOR DEMONSTRATION**  
 15        **PROJECTS.**

16        *The Small Business Act (15 U.S.C. 631 et seq.) is*  
 17        *amended—*

18                *(1) by redesignating section 28 (as added by sec-*  
 19        *tion 2 of the Women’s Business Development Act of*  
 20        *1991) as section 29; and*

21                *(2) in section 29(g), as redesignated, by striking*  
 22        *“1995” and inserting “1997”.*

1 **SEC. 412. ESTABLISHMENT OF OFFICE OF WOMEN'S BUSI-**  
 2 **NESS OWNERSHIP.**

3 *Section 29 of the Small Business Act (15 U.S.C. 656),*  
 4 *as redesignated by section 411, is amended by adding at*  
 5 *the end the following new subsection:*

6 *“(h) OFFICE OF WOMEN’S BUSINESS OWNERSHIP.—*  
 7 *There is hereby established within the Administration an*  
 8 *Office of Women’s Business Ownership, which shall be re-*  
 9 *sponsible for the administration of the Administration’s*  
 10 *programs for the development of women’s business enter-*  
 11 *prises, as such term is defined in section 408 of the Women’s*  
 12 *Business Ownership Act of 1988. The Office of Women’s*  
 13 *Business Ownership shall be administered by an Assistant*  
 14 *Administrator, who shall be appointed by the Adminis-*  
 15 *trator.”.*

16 **SEC. 413. NATIONAL COMMISSION ON WOMEN IN BUSINESS.**

17 *(a) ESTABLISHMENT.—Section 401 of the Women’s*  
 18 *Business Ownership Act of 1988 (15 U.S.C. 631 note) is*  
 19 *amended to read as follows:*

20 **“SEC. 401. ESTABLISHMENT.**

21 *“There is hereby established a Commission to be known*  
 22 *as the ‘National Commission on Women in Business’ (here-*  
 23 *after in this title referred to as the ‘Commission’).”.*

24 *(b) DUTIES OF THE COMMISSION.—Section 402 of the*  
 25 *Women’s Business Ownership Act of 1988 (15 U.S.C. 631*  
 26 *note) is amended to read as follows:*

1 ***“SEC. 402. DUTIES OF THE COMMISSION.***

2 *“The Commission shall—*

3 *“(1) review, promote, coordinate, and monitor*  
4 *plans and programs, developed in the public and pri-*  
5 *vate sectors, which affect the ability of woman-owned*  
6 *businesses to obtain capital and credit;*

7 *“(2) promote and assist in the development of*  
8 *the Intermediate Census on Women’s Business Owner-*  
9 *ship and other surveys of woman-owned businesses;*

10 *“(3) provide assistance to and outreach for the*  
11 *involvement of women business owners in White*  
12 *House Conference on Small Business;*

13 *“(4) study and assess—*

14 *“(A) the obstacles faced by women seeking to*  
15 *establish businesses and women seeking senior*  
16 *management positions in large and small busi-*  
17 *nesses and in the professions; and*

18 *“(B) the contributions to the Nation’s econ-*  
19 *omy by businesses owned or managed by women;*  
20 *and*

21 *“(5) design a comprehensive plan for a joint*  
22 *public-private sector effort to facilitate the develop-*  
23 *ment and growth of woman-owned businesses.*

24 *“(b) REPORT.—Not later than January 31, 1996, the*  
25 *Commission shall submit a report to the President and the*  
26 *Committees on Small Business of the Senate and the House*



1 *of Representatives describing the plan developed pursuant*  
 2 *to subsection (a)(5).”.*

3 *(c) MEMBERSHIP.—Section 403 of the Women’s Busi-*  
 4 *ness Ownership Act of 1988 (15 U.S.C. 631 note) is amend-*  
 5 *ed to read as follows:*

6 ***“SEC. 403. MEMBERSHIP OF THE COMMISSION.***

7 *“(a) IN GENERAL.—The Commission shall be com-*  
 8 *posed of 14 members, of whom—*

9 *“(1) 7 members shall be the individuals described*  
 10 *in subsection (b); and*

11 *“(2) 7 members shall be appointed in accordance*  
 12 *with subsection (c).*

13 *“(b) PUBLIC SECTOR MEMBERS.—For purposes of*  
 14 *subsection (a)(1), the individuals described in this section*  
 15 *are—*

16 *“(1) the Administrator of the Small Business*  
 17 *Administration;*

18 *“(2) the Assistant Administrator of the Office of*  
 19 *Women’s Business Ownership of the Small Business*  
 20 *Administration;*

21 *“(3) the Secretary of the Treasury, or the Sec-*  
 22 *retary’s designee;*

23 *“(4) the Secretary of Labor, or the Secretary’s*  
 24 *designee;*

1           “(5) *the Secretary of Commerce, or the Sec-*  
2           *retary’s designee;*

3           “(6) *the Administrator of the General Services*  
4           *Administration, or the Administrator’s designee; and*

5           “(7) *1 member of the Board of Governors of the*  
6           *Federal Reserve System, or the designee of a member.*

7           “(c) *PRIVATE SECTOR MEMBERS.—*

8           “(1) *CHAIRPERSON.—Not later than 45 days*  
9           *after the date of enactment of the Small Business Ad-*  
10          *ministration Reauthorization and Amendment Act of*  
11          *1994, the President shall appoint an individual to*  
12          *serve as the chairperson of the Commission (hereafter*  
13          *in this title referred to as the ‘Chairperson’) who shall*  
14          *be a prominent business-woman who is qualified to*  
15          *head the Commission by virtue of her education,*  
16          *training, and experience.*

17          “(2) *OTHER MEMBERS.—Not later than 60 days*  
18          *after the date of enactment of the Small Business Ad-*  
19          *ministration Reauthorization and Amendment Act of*  
20          *1994, the Administrator of the Small Business Ad-*  
21          *ministration shall appoint 6 members of the Commis-*  
22          *sion, of whom—*

23                  “(A) *1 shall be an owner of a small business*  
24                  *concern, as such term is defined in section 3 of*

1        *the Small Business Act, who is a member of the*  
 2        *same political party as the President;*

3            *“(B) 1 shall be an owner of a small business*  
 4        *concern, as such term is defined in section 3 of*  
 5        *the Small Business Act, who is not a member of*  
 6        *the same political party as the President; and*

7            *“(C) 4 shall be representatives of national*  
 8        *women’s business organizations.*

9        *“(d) ADMINISTRATIVE PROVISIONS.—*

10        *“(1) RESTRICTION.—The members of the Com-*  
 11        *mission appointed pursuant to subsection (c) shall*  
 12        *not be officers or employees of the Federal Govern-*  
 13        *ment.*

14        *“(2) VICE CHAIRPERSON.—The member of the*  
 15        *Commission appointed pursuant to subsection (b)(2)*  
 16        *shall serve as vice chairperson of the Commission.*

17        *“(3) TERMS.—The term of service of the members*  
 18        *of the Commission appointed pursuant to subsection*  
 19        *(c) shall be 1 year. No member of the Commission*  
 20        *may serve for more than 2 consecutive terms.*

21        *“(4) DESIGNEES.—Each designee appointed pur-*  
 22        *suant to subsection (b) shall—*

23            *“(A) be a policy-making official whose du-*  
 24        *ties are consistent with the duties of the Commis-*  
 25        *sion; and*

1           “(B) report directly to the head of the agen-  
2           cy on the activities of the Commission.

3           “(5) COMPENSATION AND TRAVEL EXPENSES.—

4           “(A) PUBLIC SECTOR MEMBERS.—The  
5           members of the Commission described in sub-  
6           section (b) shall serve on the Commission with-  
7           out additional compensation.

8           “(B) PRIVATE SECTOR MEMBERS.—The  
9           members of the Commission appointed pursuant  
10          to subsection (c) shall serve without pay for  
11          membership, except that such members shall be  
12          entitled to reimbursement for domestic travel,  
13          subsistence, and other necessary expenses in-  
14          curred by them in carrying out the functions of  
15          the Commission in the same manner as persons  
16          serving on advisory boards pursuant to section  
17          8(b) of the Small Business Act.

18          “(6) VACANCIES.—A vacancy on the Commission  
19          shall, not later than 30 days after the date on which  
20          the vacancy occurs, be filled in the same manner in  
21          which the original appointment was made.

22          “(7) MEETINGS.—The Commission shall meet at  
23          the call of the Chairperson not less than 4 times each  
24          year.

25          “(8) QUORUMS.—

1           “(A) *RECEIPT OF TESTIMONY.*—Four mem-  
 2           bers of the Commission shall constitute a quorum  
 3           for the receipt of testimony and other evidence.

4           “(B) *APPROVAL OF RECOMMENDATIONS.*—A  
 5           majority of the members of the Commission shall  
 6           constitute a quorum for the approval of rec-  
 7           ommendations or reports issued pursuant to sec-  
 8           tions 402 and 406.”.

9           (d) *EXECUTIVE DIRECTOR AND STAFF.*—Section 404  
 10          of the Women’s Business Ownership Act of 1988 (15 U.S.C.  
 11          631 note) is amended to read as follows:

12       **“SEC. 404. EXECUTIVE DIRECTOR AND STAFF.**

13           “(a) *EXECUTIVE DIRECTOR.*—The Commission shall  
 14          have an Executive Director who shall be appointed by the  
 15          Chairperson and the Assistant Administrator of the Small  
 16          Business Administration Office of Women’s Business Own-  
 17          ership. Upon the recommendation by the Executive Direc-  
 18          tor, the Chairperson may appoint and fix the pay of 4 addi-  
 19          tional employees at a rate of pay not to exceed the maxi-  
 20          mum rate of pay payable for a position at GS-15 of the  
 21          General Schedule.

22           “(b) *ADMINISTRATIVE PROVISIONS.*—The Executive  
 23          Director and staff of the Commission may be appointed  
 24          without regard to the provisions of title 5, United States  
 25          Code, governing appointments in the competitive service,

1 *and except as provided in subsection (a), may be paid with-*  
 2 *out regard to the provisions of chapter 51 and subchapter*  
 3 *III of chapter 53 of such title relating to classification and*  
 4 *General Schedule pay rates, except that the Executive Di-*  
 5 *rector so appointed may not receive pay in excess of the*  
 6 *annual rate of basic pay payable for a position at ES-*  
 7 *1 of the Senior Executive Pay Schedule under section 5832*  
 8 *of title 5, United States Code.*

9       “(c) *DETAIL OF ADDITIONAL PERSONNEL.*—Upon re-  
 10 *quest to the Chairperson, the head of any Federal depart-*  
 11 *ment or agency may detail any of the personnel of such*  
 12 *agency to the Commission to assist the Commission in car-*  
 13 *rying out its duties under this title without regard to sec-*  
 14 *tion 3341 of title 5, United States Code.”.*

15       (e) *POWERS OF THE COMMISSION.*—Section 405 of the  
 16 *Women’s Business Ownership Act of 1988 (15 U.S.C. 631*  
 17 *note) is amended—*

18               (1) *by striking “Council” each place it appears*  
 19 *and inserting “Commission”; and*

20               (2) *by adding at the end the following new sub-*  
 21 *section:*

22       “(f) *COOPERATION WITH PRIVATE ENTITIES.*—

23               “(1) *IN GENERAL.*—Subject to the requirements  
 24 *of paragraph (2), the Commission may carry out its*

1        *duties under section 402 through cooperation with*  
2        *private nonprofit and for-profit entities.*

3            “(2) *RESTRICTION.*—*If the Commission cooper-*  
4        *ates with private entities pursuant to paragraph (1),*  
5        *the Commission shall ensure that—*

6            “(A) *the Commission receives appropriate*  
7        *recognition and publicity;*

8            “(B) *the cooperation does not constitute or*  
9        *imply an endorsement by the Commission of the*  
10       *products and services of the cosponsor; and*

11          “(C) *the Commission avoids unnecessary*  
12       *promotion of the products and services of the co-*  
13       *sponsor and minimizes utilization of any 1 co-*  
14       *sponsor in a marketing area.”.*

15        (f) *REPORTS.*—*Section 406 of the Women’s Business*  
16       *Ownership Act of 1988 (15 U.S.C. 631 note) is amended—*

17            (1) *by striking “Council” each place it appears*  
18        *and inserting “Commission”;*

19            (2) *by striking “December 31, 1989” and insert-*  
20       *ing “not later than 1 year after the date of enactment*  
21       *of the Small Business Administration Reauthoriza-*  
22       *tion and Amendment Act of 1994”;* and

23            (3) *by striking “based upon its reviews con-*  
24       *ducted under section 402”.*

1       (g) *AUTHORIZATION.—Section 407 of the Women’s*  
 2 *Business Ownership Act of 1988 (15 U.S.C. 631 note) is*  
 3 *amended—*

4           (1) *by striking subsection (a) and inserting the*  
 5 *following:*

6       “(a) *IN GENERAL.—There are authorized to be appro-*  
 7 *priated to carry out this title—*

8           “(1) *\$500,000 in fiscal year 1995;*

9           “(2) *\$500,000 in fiscal year 1996; and*

10          “(3) *\$100,000 in fiscal year 1997.”; and*

11          (2) *by striking subsection (c).*

12       (h) *TRANSITION REIMBURSEMENT.—In order to facili-*  
 13 *tate the transition from the National Women’s Business*  
 14 *Council, established by title IV of the Women’s Business*  
 15 *Ownership Act of 1988, to the National Commission on*  
 16 *Women in Business established by this section, the National*  
 17 *Commission on Women in Business may, during the 30-*  
 18 *day period beginning on the date on which the Chairperson*  
 19 *of the National Commission on Women in Business is ap-*  
 20 *pointed pursuant to section 413 of this Act, reimburse the*  
 21 *costs and salaries, where appropriate, of the Chairperson,*  
 22 *Executive Director, and staff of the National Women’s Busi-*  
 23 *ness Council for transition activities .*

24       (i) *SUNSET.—The authority of the National Commis-*  
 25 *sion on Women in Business established under title IV of*



1 *the Women's Business Ownership Act of 1988, as amended*  
 2 *by this section, shall terminate on November 30, 1996.*

3 ***TITLE V—RELIEF FROM DEBEN-***  
 4 ***TURE PREPAYMENT PEN-***  
 5 ***ALTIES***

6 ***SEC. 501. SHORT TITLE.***

7 *This title may be cited as the “Small Business Prepay-*  
 8 *ment Penalty Relief Act of 1994”.*

9 ***SEC. 502. PREPAYMENT OF DEVELOPMENT COMPANY DE-***  
 10 ***BENTURES.***

11 *(a) IN GENERAL.—Title V of the Small Business In-*  
 12 *vestment Act of 1958 (15 U.S.C. 695 et seq.) is amended*  
 13 *by adding at the end the following new section:*

14 ***“SEC. 508. PREPAYMENT OF DEVELOPMENT COMPANY DE-***  
 15 ***BENTURES.***

16 *“(a) IN GENERAL.—*

17 *“(1) PREPAYMENT AUTHORIZED.—Subject to the*  
 18 *requirements set forth in subsection (b), an issuer of*  
 19 *a debenture purchased by the Federal Financing*  
 20 *Bank and guaranteed by the Administration under*  
 21 *section 503 may, at the election of the borrower whose*  
 22 *loan secures such debenture and with the approval of*  
 23 *the Administration, prepay such debenture in accord-*  
 24 *ance with the provisions of this section.*

25 *“(2) PROCEDURE.—*

1           “(A) *IN GENERAL.*—*In making a prepay-*  
 2           *ment under paragraph (1)—*

3                   “(i) *the borrower shall pay to the Fed-*  
 4                   *eral Financing Bank an amount that is*  
 5                   *equal to the sum of the unpaid principal*  
 6                   *balance due on the debenture as of the date*  
 7                   *of the prepayment (plus accrued interest at*  
 8                   *the coupon rate on the debenture) and the*  
 9                   *amount of the repurchase premium de-*  
 10                   *scribed in subparagraph (B); and*

11                   “(ii) *the Administration shall pay to*  
 12                   *the Federal Financing Bank the difference*  
 13                   *between the repurchase premium paid by*  
 14                   *the borrower under this subsection and the*  
 15                   *repurchase premium that the Federal Fi-*  
 16                   *nancing Bank would otherwise have re-*  
 17                   *ceived.*

18           “(B) *REPURCHASE PREMIUM.*—

19                   “(i) *IN GENERAL.*—*For purposes of*  
 20                   *subparagraph (A)(i), the repurchase pre-*  
 21                   *mium is the amount equal to the product*  
 22                   *of—*

23                           “(I) *the unpaid principal balance*  
 24                           *due on the debenture on the date of*  
 25                           *prepayment; and*

1                   “(II) the applicable percentage  
2                   rate, as determined in accordance  
3                   clause (ii).

4                   “(ii) APPLICABLE PERCENTAGE  
5                   RATE.—For purposes of clause (i)(II), the  
6                   applicable percentage rate means—

7                   “(I) with respect to a 10-year  
8                   term loan, 9.5 percent;

9                   “(II) with respect to a 15-year  
10                  term loan, 9.5 percent;

11                  “(III) with respect to a 20-year  
12                  term loan, 10.5 percent; and

13                  “(IV) with respect to a 25-year  
14                  term loan, 11.5 percent.

15                  “(b) REQUIREMENTS.—For purposes of subsection (a),  
16                  the requirements of this subsection are that—

17                  “(1) the debenture is outstanding and neither the  
18                  loan that secures the debenture nor the debenture is  
19                  in default on the date on which the prepayment is  
20                  made;

21                  “(2) State, local, or personal funds, or the pro-  
22                  ceeds of a refinancing in accordance with subsection  
23                  (d) of this section under the programs authorized by  
24                  sections 504 and 505, are used to prepay the deben-  
25                  ture; and

1           “(3) the issuer certifies that the benefits, net of  
 2       fees and expenses authorized herein, associated with  
 3       prepayment of the debenture are entirely passed  
 4       through to the borrower.

5           “(c) *NO PREPAYMENT FEES OR PENALTIES.*—No fees  
 6       or penalties other than those specified in this section may  
 7       be imposed on the issuer, the borrower, the Administration,  
 8       or any fund or account administered by the Administration  
 9       as the result of a prepayment under this section.

10          “(d) *REFINANCING LIMITATIONS.*—

11               “(1) *IN GENERAL.*—The refinancing of a deben-  
 12       ture under sections 504 and 505, in accordance with  
 13       subsection (b)(2) of this section—

14                   “(A) shall not exceed the amount necessary  
 15       to prepay existing debentures, including all costs  
 16       associated with the refinancing and any applica-  
 17       ble prepayment penalty or repurchase premium;  
 18       and

19                   “(B) shall be subject to the provisions of sec-  
 20       tions 504 and 505 and the rules and regulations  
 21       promulgated thereunder, including rules and reg-  
 22       ulations governing payment of authorized ex-  
 23       penses, commissions, fees, and discounts to bro-  
 24       kers and dealers in trust certificates issued pur-  
 25       suant to section 505.

1           “(2) *JOB CREATION.*—An applicant for refinanc-  
 2           ing under section 504 of a loan made pursuant to sec-  
 3           tion 503 shall not be required to demonstrate that a  
 4           requisite number of jobs will be created with the pro-  
 5           ceeds of a refinancing.

6           “(3) *LOAN PROCESSING FEE.*—To cover the cost  
 7           of loan packaging, processing, and other administra-  
 8           tive functions, a development company that provides  
 9           refinancing under subsection (b)(2) may impose a  
 10          loan processing fee, not to exceed 0.5 percent of the  
 11          principal amount of the loan.

12          “(e) *DEFINITIONS.*—For purposes of this section—

13               “(1) the term ‘issuer’ means the qualified State  
 14               or local development company that issued a debenture  
 15               pursuant to section 503, which has been purchased by  
 16               the Federal Financing Bank; and

17               “(2) the term ‘borrower’ means a small business  
 18               concern whose loan secures a debenture issued pursu-  
 19               ant to section 503.”.

20          (b) *REGULATIONS.*—Not later than 30 days after the  
 21          date of enactment of this Act, the Administration shall pro-  
 22          mulgate such regulations as may be necessary to carry out  
 23          this section, including regulations establishing a deadline  
 24          for receipt of applications for prepayment and refinancing  
 25          under title V of the Small Business Investment Act of 1958.

1       (c) *AUTHORIZATION.*—*There are authorized to be ap-*  
 2 *propriated such sums as may be necessary to carry out this*  
 3 *section.*

4               ***TITLE VI—MISCELLANEOUS***  
 5                       ***AMENDMENTS***

6   ***SEC. 601. CONSOLIDATION OF FUNDING ACCOUNTS.***

7       (a) *IN GENERAL.*—*Section 4(c) of the Small Business*  
 8 *Act (15 U.S.C. 633(c)) is amended by striking “(c)(1)*  
 9 *There” and all that follows through paragraph (4) and in-*  
 10 *serting the following:*

11       “(c) *LOAN LIQUIDATION FUND.*—

12               “(1) *IN GENERAL.*—

13                       “(A) *ESTABLISHMENT.*—*There is hereby es-*  
 14 *tablished in the United States Treasury a fund*  
 15 *to be known as the Loan Liquidation Fund*  
 16 *(hereafter in this subsection referred to as the*  
 17 *‘Fund’).*

18                       “(B) *AMOUNTS CONTAINED IN FUND.*—*All*  
 19 *amounts received by the Administration prior to*  
 20 *October 1, 1991, from the repayment of loans*  
 21 *and debentures, payments of interest, and other*  
 22 *receipts arising out of transactions entered into*  
 23 *by the Administration pursuant to section 5(e),*  
 24 *5(g), 7(a), 7(b), 7(c)(2), 7(e), 7(h), 7(l), 7(m), or*  
 25 *8(a) of this Act, or title III, IV, or V of the*

1        *Small Business Investment Act of 1958, shall be*  
 2        *paid into the Fund. Balances existing in the re-*  
 3        *volving funds on or after the effective date of this*  
 4        *paragraph shall be transferred to the Fund on*  
 5        *such date.*

6                “(C) *OPERATING EXPENSES.*—*The Fund*  
 7        *shall have available, without fiscal year limita-*  
 8        *tion, such funds as may be necessary to finance*  
 9        *the operational needs of the Fund.*

10              “(2) *ANNUAL STATUS REPORT.*—*As soon as prac-*  
 11        *ticable after the end of each fiscal year, the Adminis-*  
 12        *tration shall submit to the Committees on Small*  
 13        *Business and Appropriations of the Senate and the*  
 14        *House of Representatives a complete report on the sta-*  
 15        *tus of the Fund.”.*

16        (b) *INTEREST PAYMENTS TO TREASURY.*—*Section 4(c)*  
 17        *of the Small Business Act (15 U.S.C. 633(c)) is amended—*

18              (1) *by redesignating paragraph (5) as para-*  
 19        *graph (3); and*

20              (2) *in paragraph (3)(B), as redesignated, by*  
 21        *striking clause (ii) and inserting the following:*

22              “(ii) *Upon the expiration of each fiscal year, the Ad-*  
 23        *ministration shall pay into the miscellaneous receipts of the*  
 24        *United States Treasury the actual interest the Administra-*

1 *tion has collected during the preceding fiscal year on all*  
 2 *financings made under the authority of this Act.”.*

3 ***SEC. 602. IMPOSITION OF FEES.***

4 *Section 5(b) of the Small Business Act (15 U.S.C.*  
 5 *634(b)) is amended—*

6 *(1) in paragraph (10), by striking “and” at the*  
 7 *end;*

8 *(2) in paragraph (11), by striking the period at*  
 9 *the end and inserting a semicolon; and*

10 *(3) by adding at the end the following new para-*  
 11 *graphs:*

12 *“(12) impose, retain, and use only those fees*  
 13 *which are specifically authorized by law or which are*  
 14 *in effect on September 30, 1994, and in the amounts*  
 15 *and at the rates in effect on such date, except that the*  
 16 *Administrator may, subject to approval in appro-*  
 17 *priations Acts, impose, retain, and utilize, additional*  
 18 *fees—*

19 *“(A) not to exceed \$300 for each loan servic-*  
 20 *ing action requested after disbursement of the*  
 21 *loan, including any substitution of collateral,*  
 22 *loan assumption, release or substitution of a*  
 23 *guarantor, reamortization, or similar action;*  
 24 *and*



1           “(B) to recover the direct, incremental cost  
 2           involved in the production and dissemination of  
 3           compilations of information produced by the Ad-  
 4           ministration under the authority of the Small  
 5           Business Act and the Small Business Investment  
 6           Act of 1958; and

7           “(13) collect, retain and utilize, subject to ap-  
 8           proval in appropriations Acts, any amounts collected  
 9           by fiscal transfer agents and not used by such agent  
 10          as payment of the cost of loan pooling or debenture  
 11          servicing operations, except that amounts collected  
 12          under this paragraph shall be utilized solely to facili-  
 13          tate the administration of the program that generated  
 14          the excess amounts.”.

15   **SEC. 603. JOB CREATION AND COMMUNITY BENEFIT.**

16          Section 7(a)(21) of the Small Business Act (15 U.S.C.  
 17   636(a)(21)) is amended by adding at the end the following  
 18   new subparagraph:

19               “(E) *JOB CREATION AND COMMUNITY BENE-*  
 20               *FIT.*—In providing assistance under this para-  
 21               graph, the Administration shall develop proce-  
 22               dures to ensure, to the maximum extent prac-  
 23               ticable, that such assistance is used for projects  
 24               that—

25                       “(i) have the greatest potential for—

1                   “(I) creating new jobs for individ-  
 2                   uals whose employment is involuntar-  
 3                   ily terminated due to reductions in  
 4                   Federal defense expenditures; or

5                   “(II) preventing the loss of jobs by  
 6                   employees of small business concerns  
 7                   described in subparagraph (A)(i); and

8                   “(ii) have substantial potential for  
 9                   stimulating new economic activity in com-  
 10                  munities most affected by reductions in  
 11                  Federal defense expenditures.”.

12 **SEC. 604. MICROLOAN PROGRAM AMENDMENTS.**

13       Section 7(m)(9)(B) of the Small Business Act (15  
 14 U.S.C. 636(m)(9)(B)) is amended—

15               (1) by inserting “and loan guarantees” after “for  
 16               loans”; and

17               (2) by inserting after “experienced microlending  
 18               organizations” the following: “and national and re-  
 19               gional nonprofit organizations that have dem-  
 20               onstrated experience in providing training support  
 21               for microenterprise development and financing.”.

22 **SEC. 605. TECHNICAL CLARIFICATION.**

23       (a) *DEFENSE CONVERSION.*—Section 7(a)(21)(A) of  
 24       the Small Business Act (15 U.S.C. 636(a)(21)(A)) is

1 amended by striking “under the” and inserting “on a guar-  
2 anteed basis under the”.

3 (b) *ADDITIONAL TECHNICAL CLARIFICATION.*—Section  
4 204 of Public Law 94–305 (15 U.S.C. 634d) is amended  
5 by striking “section 202” and inserting “this title”.

6 **SEC. 606. SECONDARY MARKET STUDY DUE DATE.**

7 Section 6 of the Small Business Credit Enhancement  
8 Act of 1993 (15 U.S.C. 634 note) is amended by striking  
9 “16 months after the date of enactment” and inserting “No-  
10 vember 1, 1994”.

11 **SEC. 607. STUDY AND DATA BASE: GUARANTEED BUSINESS**

12 **LOAN PROGRAM AND DEVELOPMENT COM-**

13 **PANY PROGRAM.**

14 (a) *STUDY AUTHORIZED.*—The Administration shall  
15 conduct a study of—

16 (1) the Guaranteed Business Loan program  
17 under section 7(a) of the Small Business Act; and

18 (2) the Development Company program under  
19 sections 502, 503, and 504 of the Small Business In-  
20 vestment Act of 1958.

21 (b) *EVALUATION.*—After conducting the study under  
22 subsection (a), the Administration shall evaluate the per-  
23 formance of the programs described in paragraphs (1) and  
24 (2) of subsection (a) on an annual and aggregated basis  
25 during the most recent 4-year period for which data are

1 *available. Such evaluation shall focus on the following fac-*  
2 *tors:*

3 *(1) The number, dollar amount, and average size*  
4 *of the loans or financings under each program.*

5 *(2) The number, dollar amount, and average size*  
6 *of the loans or financings made to woman-owned and*  
7 *minority-owned businesses under each program.*

8 *(3) The geographic distribution of the loans or*  
9 *financings under each program.*

10 *(4) The jobs created or maintained attributable*  
11 *to the loans or financings under each program.*

12 *(5) The number, dollar amount, and average size*  
13 *of the loans or financings on which borrowers de-*  
14 *faulted under each program.*

15 *(6) The amounts recovered by the Administra-*  
16 *tion after default, foreclosure, or otherwise under each*  
17 *program.*

18 *(7) The number of companies which are no*  
19 *longer in business despite receiving the loans or*  
20 *financings under each program.*

21 *(8) The taxes paid by businesses which received*  
22 *the loans or financings under each program.*

23 *(9) Such other information as the Administra-*  
24 *tion determines to be appropriate for a complete eval-*  
25 *uation of each program.*

1       (c) *CONTRACTING WITH INDEPENDENT ENTITIES.*—In  
 2       *carrying out subsections (a) and (b), the Administration*  
 3       *may contract with an independent entity or entities—*

4               (1) *to conduct the study pursuant to subsection*  
 5       *(a); and*

6               (2) *to develop a database of information to en-*  
 7       *able the Administration to maintain and access, on*  
 8       *an ongoing basis, current information relating to the*  
 9       *factors set forth in subsection (b).*

10       (d) *DATE.*—*The study authorized by subsection (a)*  
 11       *shall be completed not later than September 30, 1995.*

12       ***SEC. 608. SBIR VENDORS.***

13       *Section 9(q)(2) of the Small Business Act (15 U.S.C.*  
 14       *638(q)(2)) is amended to read as follows:*

15               “(2) *VENDOR SELECTION.*—*Each agency may se-*  
 16       *lect a vendor to assist small business concerns to meet*  
 17       *the goals listed in paragraph (1) for a term not to ex-*  
 18       *ceed 3 years. Such selection shall be competitive and*  
 19       *shall utilize merit-based criteria.”.*

20       ***SEC. 609. PROGRAM EXTENSION.***

21       *Section 602(e) of the Business Opportunity Develop-*  
 22       *ment Reform Act of 1988 (15 U.S.C. 637 note) is amended*  
 23       *by striking “September 30, 1994”, and inserting “Septem-*  
 24       *ber 30, 1995”.*

1 **SEC. 610. PROHIBITION ON THE USE OF FUNDS FOR INDIVIDUALS NOT LAWFULLY WITHIN THE UNITED STATES.**  
 2  
 3

4 *Section 2 of the Small Business Act (15 U.S.C. 631)*  
 5 *is amended by adding at the end the following new sub-*  
 6 *section:*

7 *“(i) PROHIBITION ON THE USE OF FUNDS FOR INDIVIDUALS NOT LAWFULLY WITHIN THE UNITED STATES.—*  
 8 *None of the funds made available pursuant to this Act may*  
 9 *be used to provide any direct benefit or assistance to any*  
 10 *individual in the United States if the Administrator or the*  
 11 *official to which the funds are made available receives noti-*  
 12 *fication that the individual is not lawfully within the*  
 13 *United States.”.*

15 **SEC. 611. OFFICE OF ADVOCACY EMPLOYEES.**

16 *Section 204 of Public Law 94–305 (15 U.S.C. 634d)*  
 17 *is amended—*

18 *(1) in the matter preceding paragraph (1) by*  
 19 *striking “after consultation with and subject to the*  
 20 *approval of the Administrator,”; and*

21 *(2) in paragraph (1), by striking “ten” and in-*  
 22 *serting “14”.*

1 **SEC. 612. PROHIBITION ON THE PROVISION OF ASSIST-**  
 2 **ANCE.**

3 *Section 4 of the Small Business Act (15 U.S.C. 633)*  
 4 *is amended by adding at the end the following new sub-*  
 5 *section:*

6 “(e) *PROHIBITION ON THE PROVISION OF ASSIST-*  
 7 *ANCE.*—Notwithstanding any other provision of law, the  
 8 *Administration is prohibited from providing any financial*  
 9 *or other assistance to any business concern or other person*  
 10 *engaged in the production or distribution of any product*  
 11 *or service that is determined to be obscene.”.*

12 **SEC. 613. CERTIFICATION OF COMPLIANCE WITH CHILD**  
 13 **SUPPORT OBLIGATIONS.**

14 *Section 4 of the Small Business Act (15 U.S.C. 633),*  
 15 *as amended by section 612, is amended by adding at the*  
 16 *end the following new subsection:*

17 “(f) *CERTIFICATION OF COMPLIANCE WITH CHILD*  
 18 *SUPPORT OBLIGATIONS.*—

19 “(1) *IN GENERAL.*—Each applicant for financial  
 20 *assistance under this Act, including an applicant for*  
 21 *a direct loan or a loan guarantee, shall certify that*  
 22 *the applicant is not in violation of the terms of*  
 23 *any—*

24 “(A) *administrative order;*

25 “(B) *court order; or*

1           “(C) repayment agreement entered into be-  
 2           tween the applicant and the custodial parent or  
 3           State agency providing child support enforce-  
 4           ment services,  
 5           that requires the applicant to pay child support, as  
 6           such term is defined in section 462(b) of the Social  
 7           Security Act.

8           “(2) ENFORCEMENT.—Not later than 6 months  
 9           after the date of enactment of this subsection, the Ad-  
 10          ministration shall issue such regulations as may be  
 11          necessary to enforce compliance the requirements of  
 12          this subsection.”.

Amend the title so as to read: “A bill to amend the  
 Small Business Act and the Small Business Investment  
 Act of 1958, and for other purposes.”.

S 2060 RS——2

S 2060 RS——3

S 2060 RS——4

S 2060 RS——5